



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item No. 2b

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Memorandum

TO: Operations Committee

DATE: November 2, 2012

FR: Executive Director

W.I. 320-1221, 320-2700

RE: Memorandum of Understanding Amendment No. 2 – Clipper®: MTC, AC Transit, BART, Caltrain, Golden Gate Bridge, Highway and Transportation District, SamTrans, SFMTA, VTA and WETA

In May 2010, the Commission authorized MTC to enter into a memorandum of understanding (MOU) with the seven transit agencies operating the Clipper® fare payment system (AC Transit, BART, Caltrain, Golden Gate Bridge, Highway and Transportation District, SamTrans, SFMTA, and VTA). The MOU identifies MTC's Clipper®-related responsibilities, the transit agencies' Clipper®-related responsibilities, the process for amending the Clipper® Operating Rules, the process for resolving disputes among the program participants, and the method by which MTC and the operators will divide Clipper® costs and revenues. The San Francisco Bay Area Water Emergency Transportation Authority (WETA) became the eighth agency to enter into the MOU in January 2012.

The MOU took effect on November 10, 2011. In October 2011, the Operations Committee approved Amendment No. 1 to the MOU (effective December 1, 2011) under which participating transit agencies compensate transit benefit program providers that sell Clipper value on behalf of the transit agencies.

Staff now recommends that this Committee authorize Amendment No. 2 to the MOU under which MTC and the participating transit operators will share financial responsibility for integration of the card distribution and customer service components of the RTC Discount Card Program with Clipper®. Amendment No. 2 also eliminates a provision of the MOU under which MTC was responsible for transferring ownership of Clipper® equipment to individual transit operators; MTC has determined that such a transfer of equipment is infeasible.

Improved Integration of the Clipper® and RTC Discount Card Programs

Since 2007, the RTC Discount Card Program has provided all qualifying applicants with Clipper®-compatible cards, which allows qualifying customers to receive automatic discounts when paying fares with Clipper®. While the two programs have worked together to provide the Clipper®-compatible cards, all other aspects of the Clipper® and RTC Discount Card Programs have operated separately from one another. In some cases, the lack of integration between the two programs has hindered the ability of either program to efficiently provide customer service and resolve customer issues. Later this year, BART's contract with the RTC Discount Card Program Central Processor will end. Under the contract with BART, the Central Processor is

responsible for verifying eligibility of customers for RTC Clipper® Cards, issuing the cards, and maintaining a database of cardholders. MTC and the transit agencies have jointly decided, when the current contract between BART and the Central Processor expires, to shift the card issuance and customer service portions of the current RTC Discount Card Program scope over to the Clipper® Program and the Clipper® Contractor (Cubic Transportation Systems, Inc.) The expected outcome of this change is improved customer service and more efficient issuance of new, replacement and renewal RTC Clipper® Cards. The review and approval/denial of RTC Discount Card applications will remain a separate function performed by a separate contractor working directly with the transit operators.

The transfer of some responsibilities from the RTC Discount Card Program to the Clipper® Program will result in a decrease in the RTC Discount Card program-specific costs and a commensurate increase in the Clipper® Program-specific costs. Last July, this Committee approved a Contract Change Order with Cubic Transportation Systems, Inc. that includes the increase in Clipper® Program-specific costs. The proposed MOU amendment identifies the costs that have shifted from the RTC Discount Card program to Clipper® as the operators' financial responsibility. However, the proposed amendment has no fiscal impact to the operators because the operators previously funded these services through their contributions to the RTC Discount Card Program.

Transfer of Equipment

MTC recommends eliminating the provisions of the MOU that require the operator to accept transfer of the equipment (Article I.E) and MTC to transfer the equipment (Article II.D). The transfer is infeasible for several reasons:

- The existing maintenance program and asset management services specified in the Clipper® Contract would no longer apply, which affects the service, repair, or replacement of equipment and requires each individual operator to perform its own asset management;
- Operators would have to individually adhere to Federal Transit Administration (FTA) requirements related to equipment tracking and equipment disposition once the items are at end-of-life (FTA Circular 5010.1D);
- Per the Clipper MOU, MTC is already responsible for the ongoing equipment operations and maintenance costs and transferring equipment to operators does not change that; and
- Equipment transfer would require FTA consent for each operator.

Recommendation

Staff recommends that the Committee authorize the Executive Director or his designee to negotiate and enter into Amendment No. 2 to the Clipper Memorandum of Understanding.



Steve Heminger

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REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Memorandum of Understanding Amendment

Work Item No.:	320-1221, 320-2700
Parties:	MTC, AC Transit, BART, Caltrain, Golden Gate Bridge, Highway and Transportation District, SamTrans, SFMTA, VTA and WETA
Project Title:	Amendment No. 2 to the Clipper® Memorandum of Understanding (MOU)
Purpose of Project:	Incorporate new Clipper® operations and maintenance expense related to the integration of Clipper® and the RTC Discount Card Programs into the MOU and eliminate provisions related to transferring ownership of equipment.
Project Cost Not to Exceed:	\$0 (Committee previously approved related Contract Change Order with Cubic Transportation Systems, Inc.)
Fiscal Impact:	None: see Executive Director's memorandum for additional discussion.
Motion by Committee:	That the Executive Director or his designee is authorized to negotiate and enter into Amendment No. 2 to the Clipper® Memorandum of Understanding with AC Transit, BART, Caltrain, Golden Gate Bridge, Highway and Transportations District, SamTrans, SFMTA, VTA, and WETA as described above.
Operations Committee:	<hr/> Jake Mackenzie, Chair
Approved:	Date: November 9, 2012